

Message Text

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10

ACTION AID-59

INFO OCT-01 EA-11 ADP-00 EB-11 IGA-02 AGR-20 CIAE-00

INR-10 NSAE-00 RSC-01 COME-00 TRSE-00 OMB-01 STR-08

SS-15 NSC-10 PM-09 DODE-00 NSCE-00 INRE-00 L-03

CIEP-02 RSR-01 SSO-00 /164 W

----- 006309

O R 070625 Z APR 73

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC IMMEDIATE 819

INFO AMEMBASSY BANGKOK

AMEMBASSY SAIGON

AMEMBASSY TOKYO

C O N F I D E N T I A L PHNOM PENH 3284

E. O. 11652: GDS

TAGS: EAID, CB

SUBJ: PL 480 TITLE I RICE

FOR STATE/ AID

REF: (A) STATE 063454; (B) BANGKOK 5234; (C) STATE 062674

1. SUMMARY. WHILE WE RECOGNIZE THAT VIETNAM HAS URGENT REQUIREMENTS, THE RICE SITUATION HERE IS DETERIORATING AND UNLESS RELIEF IS PROVIDED IN THE FORM OF PL 480 RICE OR THAI RICE, THE GKR WILL BE OUT OF RICE BY THE END OF AUGUST OR AT BEST AT THE END OF OCTOBER WITH FULL BATTAMBAND DELIVERIES. AS WASHINGTON IS AWARE, THAI RICE PURCHASE REMAINS EXTREMELY TENUOUS AND IN OUR VIEW THE OUTLOOK IS FOR PROTRACTED AND PERHAPS FRUITLESS NETOTIATIONS. FURTHER, RECENT INFORMATION INDICATES BATTAMBANG AVAILABILITIES HAVE SHRUNK TO 34,000 METRIC TONS AND MAY WELL BE REDUCED FURTHER AS RICE MOVES OUT TO THE PROVINCES RATHER THAN TO PHNOM PENH. ROUTE 5 IS NOW CLOSED AND THE PROSPECTS ARE NOT GOOD FOR ITS BEING REOPENED IN THE NEAR FUTURE. WE STRONGLY URGE, THEREFORE, THAT STEPS BE TAKEN TO SECURE ENOUGH PL 480 RICE TO MEET BOTH CAMBODIA' S
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AND VIETNAM'S NEEDS AND SUGGEST, IF NECESSARY, THAT THESE REQUIREMENTS BE DRAWN FROM THE PROJECTED CARRYOVER FROM U. S. RICE CROP. END SUMMARY.

2. AT THIS TIME, WE HAVE NO REASON TO BE OPTIMISTIC ABOUT THE FUTURE SUPPLY OF RICE TO PHNOM PENH AND OTHER GKR HELD AREAS. THE THAI PURCHASE WHICH APPEARED TO BE HOPEFUL A WEEK AGO, NOW (PER REF. B) SEEMS TO BE SLIPPING AGAIN INTO UNCERTAINTY. IF

SHOULD BE NOTED THAT THE THAIL RICE WILL HAVE TO ARRIVE IN JULY IF IT IS TO MEET REQUIREMENTS HERE. AS WE HAVE NO COMMITMENTS OF ANY THAI RICE AT THIS TIME, THE PROSPECTS OF MEETING A JULY DEADLINE GROW DIMMER WITH EACH PASSING DAY. BANGKOK MAY WISH TO COMMENT ON THE PROSPECTS OF OBTAINING THAI RICE, PARTICULARLY IN THE SHORT TERM.

3. ROUTE 5 IS NOW CLOSED AND IS LIKELY TO REMAIN SO FOR SOME TIME AS FANK'S EFFORTS ARE BEING CONCENTRATED TOWARDS OPENING THE MEKONG. AS STATED IN PREVIOUS MESSAGES, THE OUTLOOK IS FOR A SUSTAINED KI EFFORT TO KEEP ROUTE 5 CLOSED IN THE MONTHS AHEAD.

4. REPORTS RECENTLY RECEIVED FROM BATTAMBANG INDICATE CONTINUED LOW LEVEL INFILTRATION OF KI INTO THE AREA. FARMERS ARE BEING TOLD NOT TO MAKE RICE AVAILABLE TO THE GKR. THUS FAR, WHOLE-SALERS AND SORAPA HAVE PURCHASED APPROXIMATELY 56,667 TONS OF PADDY (APPROXIMATELY 34,000 METRIC TONS OF MILLED RICE). WHILE THEORETICALLY, THE EXPORTABLE SURPLUS FROM BATTAMBANG SHOULD BE HIGHER (BASED UPON A VERY LIMITED SAMPLE CUTTING), REPRESENTATIVES OF THE MINISTRY OF AGRICULTURE AND SORAPA IN BATTAMBANG HAVE TOLJGUS THEY BELIEVE 34,000 METRIC TONS WILL BE ALL THE RICE PURCHASED FROM THE 1973 CROP. REASONS FOR THE SHORTFALL IN PURCHASES APPEAR TO BE:

A. KI INTIMIDATION OF FARMERS AND THEIR PROCLIVITY TO HOARD RICE ON THE FARMS IN THE FACE OF UNCERTAINTIES;

B. SHORTAGE OF TRACTORS TO HAUL PADDY FROM FARMS TO STORAGE AREA. SINCE 1970, THE NUMBER OF TRACTORS IN BATTAMBANG HAS DECLINED FROM 600 TO 200 OR 300 AS A RESULT OF HOSTILE ACTION OR OLD AGE;

C. LEAKAGE OF RICE FROM BATTAMBANG TO KI- CONTROLLED AREAS.
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ALTHOUGH THE GKR HAS ANNOUNCED NEW BUYING RICE PRICES

(REPORTED BY SEPTTEL), REPORTS INDICATE THAT PRICES IN KI- CONTROLLED AREAS ARE STILL MORE ATTRACTIVE. AT THIS TIME, WE HAVE NO IDEA WHAT THE MAGNITUDE OF RICE MOVING TO KI AREAS MAY BE.

5. IT IS ALSO PROBABLE THAT THE STOCKS PRESENTLY HELD IN BATTAMBANG WILL DROP IN TERMS OF AVAILABILITY FOR PHNOM PENH. THE PROVINCES OF KOMPONG CHHNANG AND KOMPONG CHAM HAVE OBTAINED PERMISSION TO BUY RICE IN BATTAMBANG FROM THE GKR. PURSAT IS NOW ALSO ATTEMPTING A PURCHASE. THESE ARE EXPECTED TO CONTINUE AND ARE ESSENTIALLY NEW REQUIREMENTS AS THESE PROVINCES WERE FORMERLY SERVED BY RICE GROWN IN THEIR OWN AREAS. ALSO, APPROXIMATELY 22, 300 METRIC TONS OF THE 34,000 BOUGHT IN BATTAMBANG ARE IN THE HANDS OF WHOLESALERS WHO ARE NOT EASILY CONTROLLED BY THE GKR. THE RESULT MAY BE FURTHER LEAKAGE OF RICE TO KI- CONTROLLED AREAS.

6. FOLLOWING IS OUR LATEST PROJECTION OF THE RIE SITUATION FROM APRIL THROUGH OCTOBER. IT INCLUDES (A) PL 480 RICE UNDER PA 78-711 (26,000 METRIC TONS) AND 78-713 (16,000 METRIC TONS); (B) BATTAMBANG DELIVERIES OF 29,000 METRIC TONS (34,000 FROM NEW CROP LESS APPROXIMATELY 5,000 METRIC TONS ALREADY DELIVERED TO PHNOM PENH DURING FEBRUARY AND MARCH; AND (C) 1,500 METRIC TONS OF THAI RICE FOR AIR DROPS (2,000 METRIC TONS OF THAI RICE LESS 500 METRIC TONS DROPPED IN MARCH). THE PROJECTION DOES NOT, REPEAT NOT, INCLUDE THE BALANCE OF THE THAI PURCHASE NOR THE REMAINING 28,000 METRIC TONS OF PL 480 RICE. IT SHOULD ALSO BE NOTED THAT WE ASSUME DISTRIBUTION WILL REMAIN AT 514 METRIC TONS PER DAY, I. E., 450 METRIC TONS IN PHNOM PENH, 44 TONS FOR MARITIME PROVINCES, AND 20 METRIC TONS FOR SVAY RIENG. THIS IS A HIGHLY OPTIMISTIC ASSUMPTION GIVEN THE PRESENT LEVEL OF DISTRIBUTION IN PHNOM PENH ALONG (619 METRIC TONS AVERAGE DURING MARCH) AND GROWING REQUIREMENTS IN GKR ENCLAVES.

APR. MAY JUN JUL AUG SEP OCT

BEGINNING STOCK 35# 48 40 49 39 29 13

BATTAMBANG DELIVER

IES 2 8 6 5 0 0

IMPORTS - PL 480 26 0 16 0 0 0 0

OTHER - - - - -

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TOTAL AVAILABLE 63 56 64 55 44 29 13

LESS DRAWDOWN 15 16 15 16 15 16 15

ENDING STOCKS 48 40 49 39 29 13 -2

DAYS' SUPPLY 93 78 95 76 85 6 25 0

# APRIL BEGINNING STOCKS; PHNOM PENH	26,957
KOMPONG SOM	6,223
U- TAPAO (AIR DROP STOCK)	1,525

7. AS THE ABOVE TABLE SHOS UNDER REASONABLY OPTIMISTIC ASSUMPTIONS (I. E., NO INCREASE IN THE RATE OF DISTRIBUTION AND FULL BATTAMBANG DELIVERIES), THE GKR WILL BE OUT OF RICE BEFORE THE END OF OCTOBER. IF BATTAMBANG DELIVERIES ARE LESS OR DELIVERIES STOPPED, STOCKS COULD BE DEPLETED AS EARLY AS THE END OF AUGUST. IT IS CLEAR, THEREFORE, THAT DELIVERIES OF IMPORTED RICE WILL BE REQUIRED BY JULY IN ORDER TO MAINTAIN A MARGIN OF SAFETY. SINCE AT THIS TIME WE HAVE NO, REPEAT NO, ASSURANCES OF THAI RICE AVAILABILITIES, WE CONCLUDE THAT A MINIMUM OF 28,000 TONS OF PL 480 RICE WILL BE REQUIRED TO CARRY CAMBODIA UNTIL RICE FROM THE NEW U. S. CROP COULD ARRIVE IN LATE OCTOBER. WE RECOGNIZE THAT RICE IS EXTREMELY LIMITED IN THE UNITED STATES BUT BELIEVE THAT A STRONG EFFORT SHOULD BE MADE

TO LOCATE RICE NOW FOR BOTH CAMBODIA AND VIETNAM REQUIREMENTS,

IF NECESSARY, FROM THE PROJECTED CARRYOUT FROM THE PRESENT U. S. RICE CROP.

8. WE HAVE DISCUSSED THE CONTENTS OF THIS MESSAGE AND OUR CALCULATIONS WITH DOODY. DIFFERENCES BETWEEN AID/ W AND OUR DATA HAVE BEEN RESOLVED. THE PRINCIPAL DIFFERENCE WAS AID/ W ASSUMPTION THAT THAI RICE WILL BE FORTHCOMING WITHIN A MEANINGFUL TIMEFRAME.

9. ADVISE.
SWANK

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*** Current Classification *** CONFIDENTIAL

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